

STORAGE NAME: h3393s1.bdt

DATE: March 9, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 3393

RELATING TO: Air Carriers

SPONSOR(S): Representatives Turnbull and King

COMPANION BILL(S): CS/HB 3171 (s), SB 0328 (s), 1st Eng HB 2109

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 9 NAYS 0
 - (2) GOVERNMENTAL OPERATIONS
 - (3) FINANCE & TAXATION
 - (4) GENERAL GOVERNMENT APPROPRIATIONS
 - (5)
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I. SUMMARY:

This bill directs the Department of Management Services to evaluate the state contract for air carrier service for state employees to determine how to improve the quality, availability, and cost of air service to state employees and other citizens. The department is to then undertake a 3-year pilot program based on its analysis, and then evaluate the pilot program.

The Office of Program Policy Analysis and Government Accountability (OPPAGA) is directed to review the effects and fiscal impact of the program and provide the legislature with a preliminary report prior to the 1999 session. The report is to contain information on and analyses of additional costs incurred and savings realized by state agencies, including per diem, subsistence, productivity and time to the travelers, and cost of airfare.

Enterprise Florida, Incorporated is directed as well, to undertake and complete a review on the impact of regional airports on economic development in the State of Florida.

This bill does not increase the rulemaking authority of a state agency.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Presently, the Department of Management Services seeks competition from air carriers serving Tallahassee to establish the contract award for Prop Jet and Jet aircraft service for state employees. The Department awards an annual contract for airfares between certain city pairs including Tallahassee.

B. EFFECT OF PROPOSED CHANGES:

This bill directs the Department of Management Services to evaluate the state contract for air carrier service for state employees and to undertake a pilot program based on its analysis, and then evaluate the pilot program. In implementing any program, the Department of Management Services must take into consideration s. 112.061, F.S., the section of law dealing with per diem and travel expenses of public officers and employees.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. The Department of Management Services would analyze and evaluate the state contract for air carrier service for state employees and undertake a pilot program based on the analysis. The Department would then evaluate the impact of the pilot program and be prepared to report annually to the Speaker of the House of Representatives and the President of the Senate.

OPPAGA as well as Enterprise Florida, Inc. would report to the legislature on a review of the effects and fiscal impact of the pilot program, and the effects on regional airports and economic development in the State of Florida, respectively.

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 287.042 Fla. Stat.

E. SECTION-BY-SECTION RESEARCH:

N/A

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

The Department of Management Services, OPPAGA and Enterprise Florida, Inc., will incur costs associated with evaluating the state air contract.

2. Recurring Effects:

Indeterminate. The three year pilot program, suspending the state air contract may have a fiscal impact on state revenues during the life of the program.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See A&2 above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

D. FISCAL COMMENTS:

According to the Department of Management Services, a comparison of current non contract city pair one-way fares indicates State employees could pay \$7,536,633 more for travel between Tallahassee and Miami, Orlando and Tampa based on data provided by credit card companies in 1992 when the last fare contract study was completed.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill will not reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with municipalities and counties. therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

HB 3393 was amended in the Business Development and International Trade Committee and made into a Committee Substitute. The amendment was a strike everything amendment which had the effect of taking out the sales tax exemption for certain air carriers in the original bill and provisions concerning the expenditure of transportation dollars. The amendment added OPPAGA and Enterprise Florida, Inc. as entities which must review and report to the legislature on economic development and the cost of airfare in Tallahassee.

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

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